

Docket No. 00-REN-1194
Committee Workshops
Re: Renewable Investment Plan

DOCKET
00-REN-1194
DATE NOV 06 2000
RECD. NOV 15 2000

**Proposed Recommendations for the Renewable Investment Plan
Capstone Turbine Corporation**

Capstone Turbine Corporation, of Chatsworth CA, the state's only microturbine generator manufacturer recommends that the California Energy Commission include in the initial renewable investment plan (the Plan) scheduled to be submitted to the Legislature by March 31, 2001 the following proposed statutory changes that would provide the opportunity for the Commission to treat microturbine generators (MTGs) that utilize renewable energy as an emerging renewable technology. Currently, the Commission does not possess the statutory authority to consider MTGs using renewable energy as an emerging renewable technology in both the Emerging Technology Buy-Down Program and the Renewable Investment Plan. This omission prevents the intended beneficiaries of the Plan, California energy customers and ratepayers the opportunity to use this program for installing MTGs capable of using municipal solid waste and digester gas as well as other diverse renewable sources.

In terms of costs, the purchase price for a grid connected MTG is approximately \$1 per watt while the customers' installed costs for MTGs using renewable energy ranges from approximately \$1 to \$2 per watt depending on specific sites, fuel sources and applications.

Recommended Statutory Changes

1. Emerging Technology Buy-Down Program - Section 383.5 (d) (2) (C) line 2
Insert " and microturbine generators" after "fuel cell" and before "technologies".
2. Renewable Investment Plan - Section 399.6 (c) (7)
Insert " and microturbine generators" after "fuel cell" and before "technologies"

Justification

Amending Section 383.5 (d) (2) (C) to include MTGs using renewable energy will allow the MTG industry to compete on "an equal playing field" with fuel cells using renewable energy. Capstone contends that such competition will spur near term commercialization of both technologies thus helping California customers benefit from choosing a greater number of renewable technologies, utilizing a wider variety of renewable energy resources.

Under Section 399.6(a) the Legislature intended that the Plan achieve several objectives:

1. Increase, in the near term, the quantity of California's electricity generated by in-state renewable energy resources, while protecting system reliability, fostering resource diversity and obtaining the greatest environmental benefits for California residents.
2. Identify and support emerging renewable energy technologies that have the greatest near-term commercial promise and that merit targeted assistance.

Capstone contends that MTGs are now capable of helping the CEC meet these legislative objectives. Based on independent analysis conducted by the CEC in its PIER Transition Reports, under the PIER Transition MTG Project conducted by Southern California Edison in collaboration with the DOE, at the Advanced Power and Energy Program, University of California, Irvine, the CEC found that MTGs when deployed on the grid are capable of protecting system reliability and obtain favorable NOx emission levels. MTGs are also capable of using diverse renewable resources such as digester gas, forest products and solid waste streams.

Furthermore, Capstone has recently undertaken a successful Initial Public Offering. This success is one indication that MTGs provide near-term commercial promise, and thus merit targeted assistance.

11/3/00

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Date 11/6/00

MESSAGE

Marwan,

Attached please find testimony from Capstone for the Renewable Investment Plan Legislative Report. Thank you for your willingness to consider this incorporating this testimony from Capstone as part of your recommendations to the Legislature.

Please call if you have any questions.

Tod O'Connor

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